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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 11/13/08

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ARTICLES:

(1) Financial summit: Can the world cooperate to prevent financial crisis from spreading?

MAINICHI (Page 9) (Abridged slightly)  
November 13, 2008

The focus of attention at the first round of the emergency financial summit is to what extent industrialized countries, such as Japan, the U.S. and European countries, and emerging countries like China and Brazil can line up to prevent the escalation of the financial crisis and the advent of a global recession. Amid the deteriorating real economy because of the spillover of the financial crisis, various countries will likely face a challenge of whether they can fall in step in order to prevent the global economy from bottoming out, by implementing every fiscal and financial measure. In order to prevent the spillover of the financial crisis, discussions of a revision to the postwar international financing monitoring system, centered on the IMF, are to be watched carefully.

Expectations for roles to be played by emerging countries

According to the latest projection by the IMF, growth of the economies of Japan, the U.S. and European countries will move into negative territory due to the spillover effect of the financial crisis for the first time in the postwar decades. European countries and the U.S. have successively come up with measures to stabilize the financial market. The Bush administration, for instance, has decided to inject capital totaling 250 billion dollars since September, when stock prices plunged across the board following the

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failure of Lehman Brothers. However, the adverse effect of the financial crisis has already reached the real economies of industrialized countries because of falling stock prices and credit crunches, giving rise to a downturn in corporate activities and consumption in the U.S., European countries and Japan.

In response, Japan, the U.S. and European countries have lowered their interest rates. Britain and Germany adopted economic pump-priming measures, such as a home acquisition tax break. Japan has also compiled a package of additional economic stimulus measures, featuring a flat-sum cash benefit plan worth 2 trillion yen. However, since there is a limit to efforts to expand spending due to a fiscal restriction, the package's effect of shoring up the economy is unclear. There is little room for Japan and the U.S. to further cut their interest rates -- 0.3 PERCENT and 1.0 PERCENT respectively. In addition, it is difficult for the U.S. to come up with a large-scale economic pump-priming package before next January, when President-elect Barack Obama will come into office.

Amid such a situation, industrialized countries' thoughts are that emerging countries, such as China, Brazil and India, will proactively move to prevent the global economy from bottoming out, by committing themselves to expanding domestic demand.

As a matter of fact, emerging countries are making moves that would heighten industrialized countries' expectations, including China's announcement on the 9th of an economic stimulus package totaling 4 trillion yuan. However, since it is not possible to solely depend on emerging countries in supporting the global economy, Japan, the U.S. and European countries will likely be pressed to make more efforts in terms of fiscal disbursement and financial policy so that participants will fall in step in preventing a global recession.

Reform of IMF will also come into focus

The ways overseeing and regulating financial institutions should be and reforming international financial institutions, such as the IMF, are also main agenda items in preventing the financial crisis from escalating or from recurring.

According to one international financial source, European and emerging countries have a strong belief that the failure of the U.S.-style of market-based principles being everything, as represented by former Federal Reserve Board Chairman Greenspan is to

be blamed for the escalation of the financial crisis that started in the U.S. For this reason, ways to strengthen regulations, including making all financial institutions, including hedge funds, which are hardly regulated at present, subject to oversight by authorities, will likely be discussed at the meeting.

Discussions will also cover the issue of overseeing credit-rating agencies, which prompted the dissemination of securitized products, which served as a tool to spread the financial crisis throughout the world, among investors.

A plan to monitor the operations of financial institutions' activities throughout the world, by strengthening the authority of the financial market stabilization forum consisting of the IMF and financial authorities of various countries has been floated in France and some other countries. However, the U.S. and Britain are opposing the idea of adopting excessive regulations with one senior U.S. government official saying, "The financial summit is not a

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venue for discarding market-based principles and unifying financial authorities of various countries." As such, to what extent such an initiative can be materialized is unclear.

Concerning reform of the IMF, since there is a possibility of its assistance to emerging countries sharply increasing due to the escalation of the financial crisis, participants are expected to discuss ways to expand its capital base. Japan will announce its plan to actively contribute to the IMF, including fund contribution from its foreign currency reserves. On the other hand, emerging countries, such as Brazil, China and Russia, are seeking a revision to the IMF's management system itself with the aim of expanding their right to speak in the international financing area. How industrialized countries, such as the U.S. and European countries, which want to defend their leadership, will respond to their call is drawing attention.

(2) With U.S. President Obama's "Japan nothing" policy course, Japan might end up submitting to China

SHUKAN POSUTO (Weekly Post) (Abridged slightly)  
November 21, 2008

On Election Day in the United States, several hundred people, including American diplomats, scholars, journalists, and government officials, gathered at the U.S. Embassy in Tokyo's Toranomon district to watch CNN's live coverage of the election results on the large screen.

An American woman shed tears as she watched Barack Obama declare victory in the battle to become the president of the United States on January 20. A Japanese Foreign Ministry official said bewilderedly: "This is not necessarily good for Japan."

The reason the official was worried is because the Foreign Ministry's North American Affairs Bureau has been under the gun to revamp the country's U.S. policy since September, when Obama's lead became clear. The first difficult challenge for Japan will be to dispatch Self-Defense Forces (SDF) troops to Afghanistan.

Obama has been calling for an early withdrawal of U.S. troops from Iraq. At the same time, he has taken a proactive attitude toward pursuing the war on terror in Afghanistan, calling for additional troops to be sent to that country to find a way out from the quagmire-like situation there.

Japan has been engaged only in the refueling mission in the Indian Ocean as the main part of its assistance to Afghanistan. The Obama administration may ask Japan for additional contributions.

A senior North American Affairs Bureau official noted:

"There is a high likelihood that the Obama administration will Japan ask to dispatch ground troops to Afghanistan. Before the Lake Toya summit, the Bush administration, too, requested then-Prime Minister Fukuda to send a Ground Self-Defense Force helicopter unit. Japan

rejected the idea through diplomatic channels after sending a fact-finding team to the country. The team judged the situation in Afghanistan was even more unstable than in Iraq. How to deal with the matter is difficult because the government cannot easily change its policy with the changeover of the U.S. President."

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What is also bothering the Foreign Ministry is the strong criticism in the U.S. Democratic Party about Japan's colonial rule before the war.

In July 2007, the U.S. House passed a resolution seeking the Japanese government's apology for the comfort women issue, submitted by Democratic lawmakers and others. (Then) House Foreign Affairs Committee Chairman Tom Lantos (of the Democratic Party) said: "Japan's refusal to apologize formally is disturbing to all who value relations between the United States and Japan."

A Japanese delegate, including LDP lawmakers and Foreign Ministry officials, visited the United States and futilely attempted to prevent the House from adopting the resolution. The aforementioned North American Affairs Bureau official added: "The U.S. Democratic Party is alarmed, regarding hawkish Prime Minister Aso as a nationalist. The prime minister quickly decided to dismiss Toshio Tamogami from the post of Air Self-Defense Force chief of staff over his essay in consideration of a possible reaction of the Democratic Obama administration which would be sensitive to the question of Japan's wartime responsibility."

Obama's inauguration as President of the United States seems to be disturbing to the inner circles of the government, including the Foreign Ministry.

10-member Japan team, 20-member China team

During a visit to the United States by former Prime Minister Shinzo Abe, Obama delivered a speech before the Senate in which he described the U.S.-Japan alliance as one of the great successes of the postwar era and called Japan one of America's closest allies.

But that could have been out of politeness. Under the Obama administration, the United States might prioritize China and ignore Japan.

Vice President-elect Joe Biden, who appeared with Obama on the stage to also declare victory, is regarded as a dyed-in-the-wool pro-China legislator in U.S. political circles. The incoming administration is likely to draft a diplomatic strategy under the initiative of Biden.

Kazuyuki Hamada, an international politics and economics scholar who is well-versed in U.S. political circles, explained: "By launching a Japan team and a China team, the Obama camp has been formulating an Asia strategy over the past two years. The Japan team consists of some 10 members, including former Boeing Japan President Robert Orr. In contrast, the China team consists of some 20 members centering on the Brookings Institution's Richard Bush, a foremost expert on China.

A former senior U.S. government official who served as a go-between with Japan under the Republican administration predicted: "Under the Obama administration, the United States will shift the axle of its Asia diplomacy from the Japan-U.S. alliance to China."

A former senior U.S. Defense Department official took this view on the day Obama declared victory: "Many of Mr. Obama's foreign and defense staff think only of China. In his Asia policy, China might play a central role and Japan a supporting role."

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Former National Security Council Asian Affairs Director Michael Green said: "How to deal with the issue of Japanese nationals

abducted by North Korea would be a litmus test to determine the incoming administration's stance toward Japan." Obama, who welcomed the U.S. government's decision to delist North Korea as a state sponsor of terrorism, does not show any signs of applying strong pressure on the North. This can easily be explained by his consideration to China which wants to bring the North Korean issue to a soft landing.

What cannot be overlooked in projecting Obama's Asia policy is his contribution to the Foreign Affairs July 2007 issue. It reads: "We need a more effective framework in Northeast Asia that goes beyond bilateral agreements, occasional summits, and ad hoc arrangements, such as the six-party talks on North Korea."

Washington-based international affairs analyst Yoshihisa Komori (Editor-at-Large for the Sankei Shimbun) is concerned that the Obama administration might carry out a review the Japan-U.S. alliance, which is the backbone of Japan's security policy. Komori said:

"Reading Mr. Obama's article, I felt that he would disregard Japan - the so-called 'Japan nothing' syndrome - for he wants to build a multilateral security framework like an Asian-version NATO led by the United States and China that would reject the Japan-U.S. alliance. The Japan-U.S. alliance is the cornerstone of the security system in Asia, and the Obama administration's pursuit of his own vision would weaken Japan's presence, raising serious diplomatic concerns."

The solid teamwork between Japan and the United States is the backbone ensuring Japan's voice in the international community, including the military front. Should that collapse and U.S.-China teamwork become the new cornerstone, Japan would naturally lose the diplomatic backing that makes it able to counter China's pressure in its own bilateral relations with that country. Japan might end up having to kowtow to China.

#### Engagement policy

This magazine interviewed Vice President-elect Biden's assistant Frank Jannuzi, who sits at the center of the Obama administration's Asia policy. Jannuzi emphasized that the incoming administration would place high priority on economic relations with China, saying: "Do you know how much China has invested in America? Actually, it has invested 400 billion dollars in two government-affiliated mortgage banks. The current financial crisis cannot be resolved without China. Obama therefore is trying to push ahead with an engagement policy toward China."

Finance is not the only area in which the United States has shifted toward China. Supported by labor unions, the Democratic Party tends to make extra efforts to protect domestic industries. During the Clinton administration, Japan-U.S. trade disputes occurred over autos, semiconductors, steel and other products.

In his campaign speeches, Obama criticized trade with Japan, saying, "Japanese people have not imported enough automobiles," and "You can't get beef into Japan, even though, obviously, we have the highest safety standards."

Hamada thinks Obama's tilt toward China in the security and the

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economic areas runs the risk of coming up with tough demands toward Japan. Hamada predicted: "Expectations of Japan would not stop with pressure on it to buy beef and cars. The (Obama administration) would, for instance, ask for Japan to dispatch troops to Afghanistan and make a greater financial contribution to the war on terror. A failure to comply with its requests could very well result in 'economic sanctions' like the boycott of Japanese products in the past."

Japan should not be engulfed in pessimism. Foreign affairs journalist Ryuichi Teshima noted: "The United States is saddled with many challenges, such as its current financial turmoil, none of which can be overcome independently. At a time like this, Japan should tell the U.S.: 'If you ignore Japan, you cannot resolve

anything."

Japan's reserve strength will soon be tested.

(3) Six-Party Talks: Japan's Foreign Ministry says U.S. was deceived by North Korea, which now refuses nuclear sampling

MAINICHI (Internet edition) (Full)  
November 13, 2008

In connection with the revelation that North Korea has refused to allow sampling as means of verifying its accounting of nuclear programs, a senior official in Japan's Foreign Ministry expressed dissatisfaction by saying, "It varies too much (from the explanation of U.S. Assistant Secretary of State Hill). It can be said that (the U.S.) has been deceived by North Korea." According to the official, after the agreement between the U.S. and North Korea, China, the chair of the Six-Party Talks, reportedly expressed strong distrust when hearing of the contents of the report received from the two countries, saying, "One of the two is lying."

(4) U.S. nuclear subs consecutively call at White Beach

RYUKYU SHIMPO (Top play) (Full)  
Eve., November 12, 2008

URUMA-The USS Ohio, a 18,750-ton nuclear-powered submarine of the U.S. Navy with a crew of about 150, entered port for the first time at White Beach in Uruma City today at around 11:40 a.m. and left port later in the day at around 12:20 p.m. The Ohio, once a strategic nuclear-powered submarine loaded with nuclear-warheaded missiles, is now a state-of-the-art nuclear-powered submarine loaded with cruise missiles after its renovation last year for launching ground attacks and landing special troops. Earlier in the day, the USS Hampton, a 6,082-ton nuclear-powered submarine of the Los Angeles class with a crew of 138, entered port at White Beach a little after 10 a.m. and left port after staying in waters off White Beach for about 40 minutes. The two nuclear submarines were off White Beach for maintenance services and supplies.

This year, U.S. nuclear-powered submarines have made a total of 35 port calls in Okinawa, outnumbering those in the past.

Okinawa Prefecture's Military Base Affairs Division received prior notification yesterday from the Foreign Ministry and then requested again that the Japanese government ensure safety and explain why there has been an increase in the number of nuclear sub port calls in Okinawa. The Okinawa Peace Movement Center held a rally near

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White Beach today at noon.

The Ohio, commissioned in 1981, is a strategic nuclear-powered submarine, which is loaded with 24 ballistic missiles. Meanwhile, the United States and Russia held talks to reduce their forces. As a result, the Ohio has now been renovated into an enhanced submarine, which is additionally loaded with 154 Tomahawk cruise missiles and is also for special troops to carry out covert landings. Last year, the Ohio was re-commissioned. This time, she has been assigned to the U.S. 7th Fleet. On Oct. 16, she called at the U.S. Navy's Yokosuka base in Kanagawa Prefecture for the first time.

In August this year, it was brought to light that the USS Houston, a nuclear-powered submarine of the Los Angeles class, had leaked radioactive cooling water for over two years at White Beach. On Nov. 10, the USS Providence, a nuclear-powered submarine of the Los Angeles class, entered port at White Beach without prior notification due to "a reporting error within the U.S. Navy." There was 24-hour notification before the port call today.

(5) Tamogami clearly did not meet the requirements for the top post

ASAHI (Page 15) (Abridged slightly)  
November 13, 2008

By Shinichi Kitaoka, professor of history of Japanese politics and

diplomacy, University of Tokyo

An essay must be underpinned by solid facts and firm logic

Toshio Tamogami's essay is markedly biased about some facts. For instance, the essay says that the movement of the Japanese army into China and the Korean Peninsula was not a unilateral advance for it had the understanding of those nations. But it is a well-known fact that the Manchurian Incident was a plot by the Kwantung Army leadership, including Kanji Ishihara. The essay also reads that the theory that the bombing of Zhang Zuolin's train was the work of Comintern has gained a great deal of prominence recently. Some believe in such a theory, but it is not supported by the public. The theory that it was the work of the Kwantung Army's Daisaku Komoto has not been shaken.

What is essential in discussing history is a sense of balance and the ability to make comprehensive judgments. It is important to select the most reliable facts from a variety of theories and information. The sole selection of convenient theories does not constitute an understanding of history.

Tamogami's logic contains many contradictions and leaps.

The essay says that if Japan was the aggressor nation, the great powers of that time were all aggressors, suggesting that both Japan and the great powers invaded other countries. But he claims in a different part that Japan did not invade any place.

To determine if the logic is coherent, matters must be examined from different angles.

Tamogami contends that unlike colonial rule by the great Western powers, Japan's rule of the Korean Peninsula and Manchuria did not discriminate against the people there, but aimed at assimilation instead, and that it accomplished tremendous economic results.

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That is true to some extent. But can good administration justify colonial rule? Have the people ruled come to terms with such a fact? If Korea or the Qing dynasty had colonized Japan, deprived Japan of its sovereignty, and Japan's economic level improved, would the Japanese people have felt happy about it? The answer is 'no.' People want to make their own decisions, even if they do not bring about good results. That is nationalism. Tamogami does not shed any positive light on the fact that the United States has brought prosperity to Japan in the postwar period.

The ex-ASDF chief says that if Japan had accepted the Hull Note presented by the United States immediately before the outbreak of the war between the two countries, the United States would have certainly issued demand after demand and Japan would have become a "white nation's colony." How could he arrive at such a conclusion? It was possible to pursue diplomacy based on the Hull Note. I cannot understand why he thinks something worse than unconditional surrender would have come as a result.

For some reason, Tamogami's view of international politics is masochistic and emotional. He maintains that Roosevelt made Japan take the first shot and that Japan was drawn into the war by him and Chiang Kai-shek. His argument is not wrong altogether. Maneuvering is part of the game of international politics. It is disgraceful for an SDF leader to contend that we were tricked.

Tamogami appears to be discontent with today's Japan. He thinks Japanese people have yet to be released from mind control. If so, the blame rests with the leadership back then who started a losing war. But Tamogami is lenient toward them. If he is indignant with today's Japan, why does he have to defend the leadership who started the war?

Many military top leaders in other countries as well as in Japan are sophisticated and gentlemanly persons with a good sense of balance. I believe those qualities are required in order to be top leaders. In view of those elements, Tamogami was not fit to be in the top

position. It is surprising that such a person reached the top of the SDF. It is truly regrettable that public trust in the SDF has been damaged significantly.

(6) Poll on Aso cabinet, political parties

ASAHI (Page 4) (Full)  
November 11, 2008

#### Questions & Answers

(Figures shown in percentage, rounded off. Bracketed figures denote proportions to all respondents. Figures in parentheses denote the results of the last survey conducted Oct. 25-26)

Q: Do you support the Aso cabinet?

Yes 37 (41)  
No 41 (38)

Q: Why? (One reason only. Left column for those marking "yes" on previous question, and right for those saying "no.")

The prime minister is Mr. Aso 25(9) 8(3)  
It's an LDP-led cabinet 28(10) 33(13)

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From the aspect of policies 34(13) 46(19)  
Cabinet lineup 8(3) 10(4)

Q: Which political party do you support now?

Liberal Democratic Party (LDP) 30 (32)  
Democratic Party of Japan (DPJ or Minshuto) 24 (19)  
New Komeito (NK) 4 (4)  
Japanese Communist Party (JCP) 2 (2)  
Social Democratic Party (SDP or Shaminto) 1 (1)  
People's New Party (PNP or Kokumin Shinto) 0 (0)  
Reform Club (RC or Kaikaku Kurabu) 0 (0)  
New Party Nippon (NPN or Shinto Nippon) 0 (0)  
Other political parties 0 (0)  
None 33 (35)  
No answer (N/A) + don't know (D/K) 6 (7)

Q: To what extent are you interested in the next general election for the House of Representatives? (One choice only)

Very interested 34 (36)  
Somewhat interested 40 (43)  
Not very interested 22 (17)  
Not interested at all 4 (4)

Q: If you were to vote now in a general election for the House of Representatives, which political party would you vote for in your proportional representation bloc?

LDP 30 (33)  
DPJ 33 (30)  
NK 5 (4)  
JCP 4 (2)  
SDP 1 (1)  
PNP 0 (0)  
RC 0 (0)  
NPN 0 (0)  
Other political parties 1 (1)  
N/A+D/K 26 (29)

Q: Would you like the current LDP-led coalition government to continue, or would you otherwise like it to be replaced with a DPJ-led coalition government?

LDP-led coalition 29 (33)  
DPJ-led coalition 40 (37)

Q: Which one between Prime Minister Aso and DPJ President Ichiro Ozawa do you think is more appropriate for prime minister?



Mr. Aso 49 (52)  
Mr. Ozawa 23 (20)

Q: Do you think it would be better for Japan to have the ruling and opposition parties change places at times?

Yes 72 (73)  
No 17 (19)

Q: The government has decided to hand out cash benefits, totaling 2 trillion yen, to all households, explaining that this payout is intended to help ease their financial concerns. Do you think this

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government payout is a necessary policy?

Yes 26  
No 63

Q: Prime Minister Aso has clarified a plan to raise the consumption tax in three years premised on an economic recovery. Do you appreciate this stance?

Yes 45  
No 44

Q: Prime Minister Aso has forgone a snap election for the House of Representatives, explaining that he has given first priority to an economic turnaround. Do you appreciate this decision?

Yes 46  
No 37

Polling methodology: The survey was conducted over the telephone on a computer-aided random digit dialing (RDD) basis. Respondents were chosen from among the nation's voting population on a three-stage random-sampling basis. Valid answers were obtained from 1,100 persons (60 PERCENT ).

(7) Japan relies on nuclear power plants in cutting greenhouse gas emissions; achieving 6 PERCENT cut difficult?

ASAHI (Page 5) (Full)  
November 13, 2008

The Environment Ministry yesterday announced that Japan's greenhouse gas emissions reached a record high in fiscal 2007 (April 2007 through March 2008). The major reason for the rise was a decline in the operating rates of nuclear power plants. It has now become evident that Japan relies on nuclear power plants in cutting greenhouse gas emissions in order to attain its goal to cut emissions by 6 PERCENT below 1990 levels, which Japan promised in the Kyoto Protocol.

Greenhouse gas emissions, including methane and alternative fluorocarbons, totaled 1.371 billion tons in carbon dioxide (CO2) equivalent in fiscal 2007, up 2.3 PERCENT from fiscal 2006. Of the 1.371 billion tons, CO2 emissions discharged by the consumption of fossil fuels totaled 1.21 billion tons, up 2.7 PERCENT from fiscal 2006.

By areas, CO2 emissions in the industrial sector, including industrial plants, rose 3.6 PERCENT due to an increase in productions. In particular, CO2 emissions rose 4.8 PERCENT in the iron and steel industry.

Carbon dioxide emissions in offices and shops increased 1.2 PERCENT, and those in households rose 8.4 PERCENT. Approximately 60 PERCENT of greenhouse emissions in the workplace and household sectors were discharged by the use of electrical power. The rise in greenhouse gas emissions stemmed from the use of thermal electric power plants to make up for the shortfall in nuclear power. Greenhouse gas emissions in the transportation sector dropped 1.6 PERCENT because travel distances decreased due to soaring oil prices.

Compared with the 1.261 billion tons in the Kyoto Protocol's benchmark year of 1990, the CO2 emissions (of 1.371 billion tons) in 2007 were an 8.7 PERCENT rise. Japan must cut its greenhouse gas emissions to 6 PERCENT below 1990 levels between 2008 and 2012. It is necessary for Japan to cut 9.3 PERCENT from 2007 levels, even excluding forest absorption of carbon dioxide and the government's buying of UN carbon offsets.

The Environment Ministry believes that the 9.3 PERCENT will be cut through efforts by power industries.

Since the Kashiwazaki-Kariwa nuclear plant suspended operations after a 2007 earthquake, the operating rates of Japan's nuclear power plants remained at 60.7 PERCENT in 2007. The ministry says that if the operating rate were 84.2 PERCENT, the highest rate marked in fiscal 1998, CO2 emissions would have been reduced 5 PERCENT.

However, since demands for the safety of nuclear power plants have grown, the outlook is that it will be difficult to boost operating rates immediately.

Environment Minister Tetsuo Saito said yesterday: "Japan will have to consider achieving its target with low operating rates in mind." He indicated that Japan would aim at expanding the use of natural energy, as well as introducing a domestic emissions trading system.

(8) Target in Kyoto Protocol moving away from Japan, with record volume of CO2 emissions in 2007

NIKKEI (Page 3) (Full)  
November 13, 2008

Japan's greenhouse gas emissions in fiscal 2007 amounted to a record 1.3711 billion tons of carbon dioxide (CO2) equivalent, a 2.3 PERCENT increase over the previous year, according to the Environment Ministry yesterday. The rise is attributed largely to the suspension of a nuclear power plant. Japan expects to see emissions drop because of economic slowdown in 2008, the initial year in the period of implementing the obligations set under the Kyoto Protocol. But there are many factors of uncertainty over Japan's efforts to achieve its target, such as a resumption of operations at the currently suspended nuclear power plant.

"This is very shocking data," Environment Minister Tetsuo Saito said with a stern look before reporters last evening.

The Kashiwazaki-Kariwa nuclear power plant in Niigata, operated by Tokyo Electric Power Co., suffered extensive damage from a great earthquake in July 2007 and has been still shut down. Due to the suspension of this plant, Japan expanded operations at thermal electric power plants, which emit large volumes of CO2. As a result, Japan discharged 8.7 PERCENT more greenhouse gases than in 1990, the benchmark year in the Kyoto Protocol.

By sector, the industrial sector emitted 3.6 PERCENT more gases than in the previous year, due to the expansion of production, while the household sector saw an 8.4 PERCENT increase partly because of the increasing use of air conditioning during the summer.

Under the Kyoto Protocol, Japan is required to reduce greenhouse gas emissions by an average of 6 PERCENT from the 1990 level between

2008 and 2012. Comparing the 2007 level, Japan needs to cut emissions by 13.5 PERCENT. The government plans to take care of some portion of the estimated shortfall by purchasing emissions quotas from overseas or through forest absorption of CO2. These measures are expected to reduce emissions by 5 PERCENT from the 2007 level. How to slash the remaining 8.5 PERCENT will be a challenge for Japan.

The operation rate of domestic nuclear power plants is the primary factor that will affect the nation's greenhouse gas emissions in the future. The operation rate in 2007 was 60.7 PERCENT , down 9.2 points from the previous year. According to the Environment Ministry, if the rate had stayed at the highest ever level of 84.2 PERCENT recorded in 1998, gas emissions in 2007 would have been about 5 PERCENT fewer than the actual amount. But once the suspended nuclear power plant resumes operations, emissions are expected to decrease significantly.

Another factor is business trends. Japan's economic growth and greenhouse gas emissions are closely linked to each other. In 1998, when the nation's gross domestic product (GDP) experienced negative growth, greenhouse gas emissions decreased about 3 PERCENT from the previous year. Emissions began to make an upturn as the economy entered an expansion phase. However, given that the Japanese economy has slowed significantly since early this year, emissions are expected to decrease.

Oil consumption has dropped due to the recent steep rise in oil prices and the spread of eco-friendly vehicles. This can be also cited as a favorable factor to cut CO2 emissions. The domestic sale of gasoline in 2007 decreased 2.5 PERCENT below the previous year, resulting in reducing CO2 emissions by 1.6 PERCENT in the transport sector. In the first half of 2008, as well, the sale of gasoline dropped 4.7 PERCENT . Although gasoline prices have come down recently, the dominant view is that demand for gasoline will remain sluggish for a while.

Even so, if the government relies only on such external factors as economic trends, emissions may markedly increase when the economy turns around.

#### (9) TOP HEADLINES

**Asahi:**

Compilation of second supplementary budget to be postponed till next Diet session

**Mainichi:**

Flat-sum cash handouts to individuals likely to be disbursed through transfers to bank accounts in March or later

**Yomiuri:**

Income cap for financial aid disbursements to be based on individual incomes

**Nikkei:**

Japan to propose up to 10 trillion yen fund contribution to IMF to aid emerging economies

**Sankei:**

Tsushima in danger: Parliamentary league for new legislation to defend island to be launched

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**Tokyo Shimbun:**

44 government buildings in metropolitan area not armed with flood countermeasures

**Akahata:**

Chairman Shii urges government to fulfill responsibility to defend workers from losing jobs

#### (10) EDITORIALS

**Asahi:**

(1) Fixed-sum cash benefits: Aso administration's footing staggering

(2) 60 years since Tokyo War Crimes Tribunal: Look squarely at history

**Mainichi:**

(1) Quality more important than quantity for textbooks

(2) Yodogawa dam project must be reviewed based on local decision

Yomiuri:

- (1) Cash benefits pose more problems than they solve
- (2) Local governments said 'no' to Yodogawa dam project following Kawabegawa project

Nikkei:

- (1) Daidogawa dam project must be halted and Kinki Regional Development Bureau must be dismantled
- (2) Fixed-sum cash benefit plan contains many questions

Sankei:

- (1) Cash benefits must be distributed in way convincing to everyone
- (2) Organ Transplant Law must be revised at early time

Tokyo Shimbun:

- (1) Cash handout plan must not be used for political reasons
- (2) Former Taiwan president arrested

Akahata:

- (1) Cash benefit plan devised for election followed wild path

(11) Prime Minister's schedule, November 12

NIKKEI (Page 2) (Full)  
November 13, 2008

09:39

Met at Kantei with Deputy Chief Cabinet Secretary Uruma.

10:45

Met with Chief Cabinet Secretary Kawamura. Received telephone call from Canadian Prime Minister Harper. Met with Assistant Deputy Chief Cabinet Secretary Hayashi, joined by Foreign Ministry Economic Affairs Bureau chief Otabe. Otabe remained.

13:02

Met with Finance Minister Nakagawa, Vice Finance Minister for International Affairs Shinohara, Deputy Foreign Ministers Kono and Sasae, and Otabe, joined by Deputy Chief Cabinet Secretary Matsumoto.

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14:09

Met with former Upper House member Katsutoshi Kaneda.

14:56

Met at Gakushuin University with Chinese Ambassador Cui Tiankai.

15:09

Attended closing ceremony for Japan-China Youth Friendship Exchange hosted by Japan-China Friendship Center.

16:00

Met at Kantei with People's New Party President Watanuki and Secretary General Kamei, followed by LDP Upper House Chairman Otsuji. Met later with New Komeito leader Ota and Youth Committee Chairman Taniai, followed by LDP Election Strategy Council Deputy Chairman Suga.

17:33

Met with METI Vice Minister Mochizuki, Vice Minister for International Affairs Ishige, Trade and Economic Cooperation Bureau chief Fujita, Vice Foreign Minister Yabunaka, Asian and Oceanian Affairs Bureau chief Saiki and International Cooperation Bureau chief Kitera.

18:42

Dined with Keidanren Chairman Mitarai and Nippon Steel Honorary Chairman Imai at Japanese restaurant Fukudaya.

2:40

Met his friends from Gakushuin Elementary School at Bar Capri in Hotel New Otani.

21:31

Met his secretary.

23:27

Returned to his private secretary.

SCHIEFFER